

BUSINESS MODELS ADOPTED BY CONTAINER FREIGHT
STATIONS IN KENYA

BY

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ABSTRACT

Container Freight Stations came into being as a strategic response by KPA to sort out the issues of congestion inside the port. A lot has changed since they first started operating, it therefore becomes necessary to analyze the business models adopted by The CFS's. Are they sustainable in the long run? This research was aimed therefore, at answering the questions, what business models are applied by CFS operators? What are their expectations regarding the development of their businesses? The objectives of this study were; to establish the business models adopted by Container Freight Stations and to determine the factors that influence the business model adopted by Container Freight Stations. The literature reviewed indicated that a good business model focuses on who the customer is, the value a company offers to the customer that enables the customer to pay and hence allow the organization make profits. Some of the studies done in this area indicate that business models are key to enhancing a company's performance and can also give it competitive advantage over other companies. In this study, the researcher used descriptive research design, and the population was all the CFS's in Kenya. Closed ended questionnaires were used to collect the data and descriptive statistics were used to analyze the data. The findings of the research indicated that a majority of the CFS's handled a variety of commodities and most of the CFS customers were those that the CFS had approached for business and they thus did not depend much on KPA rebates as a source of revenue. This showed that most of the CFS's had changed their way of doing business in the changing environment. The majority also indicated that they had diversified their sources of revenue. The researcher recommended that investors should be wary about coming in into the market unless they have a very unique value proposition different from what all the other players in the industry are offering. There should also be very clear guidelines on what exactly CFS's are meant to do. The fact that they came in as a response to problems of congestion, they may not be sustainable in the long run if for example new developments like the new standard gauge railway line is completed.